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SUBJECT: AMIDST MUDDLED POLICIES, STAFFDEL ATKINS FINDS SOLID SCIENCE  
RESEARCH IN PUBLIC-PRIVATE PARTNERSHIPS

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11. (SBU) Summary. Bureaucratic mismanagement, insufficient and misdirected funding, and lack of university autonomy have stymied both scientific research and science education in Vietnam, according to government officials, non-government organizations and private sector experts. Nevertheless, House Science and Technology Committee Staff Director Chuck Atkins found that targeted public-private partnerships in Ho Chi Minh City have already created centers of research and teaching excellence. While Vietnam's leaders call science and technology the 'shortcut to development', unless the governance and funding reforms these centers of excellence represent spread nationwide, Vietnam will not produce enough knowledge workers to support the big new hi-tech investors (such as Intel) or to modernize Vietnam. End summary.

#### Crisis in Science Research and Education

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12. (SBU) Vietnam produces exceptionally low numbers of patents and international scientific papers, even for a developing country. Several interlocutors told staffdel Atkins that in 2006, international patent offices did not grant a single patent to Vietnamese researchers, in contrast to 26,292 patents awarded to China researchers and 158 patents awarded to Thai researchers. Vietnamese Academy of Science and Technology researchers published just 41 articles in international journals while Shanghai's Fudan University researchers published 2,286 articles.

#### With Main Street Consequences

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13. (SBU) Vietnamese universities also fail to educate scientists and engineers to the level of proficiency required by most top-flight multinational high-tech companies. Intel is in the process of investing \$1.3 billion in an assembly and test facility under construction in HCMC. The Intel Vietnam General Manager told the staffdel he was only able to identify 45 candidates meeting Intel standards, despite interviewing 2,000 engineering graduates from Vietnam's top technical universities. Although Intel still hopes to hire over 700 Vietnamese engineers at salaries of \$500 per month, the GM said Intel will bring in expat engineers at a cost of \$300,000 per year each if the local talent pool proves insufficient.

#### Reshuffling Does Not Equal Reform

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14. (SBU) Higher education in Vietnam was based on a Soviet-like model, with scientific research being conducted at state institutes, as opposed to universities. The Ministry of Education and Training (MOET) is attempting to overcome this

stove-piping by strengthening academic research and assigning a greater teaching role to the nation's research institutes. The Vietnamese Academy of Science and Technology (VAST) is Vietnam's primary government research organization, with more than 3000 scientists at 28 research institutes. VAST officials described to staffdel a MOET proposal to create an elite research university -- to be named the Hanoi University of Science and Technology -- staffed with VAST researchers as a positive first step.

15. (SBU) Not everyone agrees. Vice-Minister Tran Quoc Thang of the Ministry of Science and Technology (MOST) is responsible for national science policy and administers over \$400 million in science and technology funding. Thang told the staffdel he thought creating a new university from VAST, which would significantly enhance MOET's jurisdiction and resources at MOST's expense, a "very bad idea". He instead proposed transferring responsibility for science education to MOST from MOET "as it is done in France in Germany" as the best way to improve the quality of science education.

16. (SBU) Many outside the GVN consider MOST to be a much more capable organization than MOET, and believe granting it more say over science education would improve quality. Others remain skeptical. One education specialist stated that since most Vietnamese research institutes appear incapable of conducting meaningful research (as shown by lack of publications and patents) and Vietnamese universities are unable to effectively train scientists, bureaucratic reshuffling promises little in the way of actual reform.

#### New Agency to Hopes to Break out of the Rut

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17. (SBU) On a brighter note, the GVN recently established a small but independent Vietnam National Science Foundation (VNSF) to competitively allocate a portion of Vietnam's research

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funding. In Vietnam, research funding has largely been allocated on the basis of seniority, said VNSF director Phan Hong Son, adding that his priority is to reach young university researchers through a publicly announced, competitive, peer-reviewed process open to all universities or research agencies. Son also highlighted the contributions of the U.S. National Science Foundation, which has offered to review grant proposals, and the University of Missouri which will conduct a research proposal writing workshop for Vietnamese scientists in January.

18. (SBU) The young, energetic head of this newly created foundation said he hopes to begin distributing the first grants from its initial US \$13 million budget later this year. Son added that the sum involved is insufficient to set up laboratories or purchase instrumentation, but indicates that some in the GVN understand that the inefficient resource allocation system currently in place is holding back research in Vietnam.

#### Public Private Partnerships Power Centers of Excellence

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19. (SBU) At a gleaming facility set among the wide boulevards of Saigon Hi-Tech Park (SHTP), the head of SHTP Research Laboratories described cutting edge research in nanotechnology, precision mechanics, and biotechnology being conducted by the 14 Vietnamese researchers there. The lab's state of the art instrumentation, ranging from nuclear magnetic resonance spectrometers to scanning electron microscopes -- worthy of any major U.S. research university -- was funded by an \$11.5 million start-up grant from the HCMC People's Committee. Operating funds are provided by the corporate tenants of the park as well as U.S. venture capital funds that have invested in specific projects with high commercial potential.

110. (SBU) The HCMC Department of Science and Technology (DOST) told the staffdel that the city devotes two percent of its annual budget to support 200 R&D projects in 16 areas,

prioritizing information technology, materials science, industrial automation and biotech. In contrast, MoST estimates Vietnamese companies spend one to two percent of their revenue on research and development. The city also provides major laboratory funding to those grantees that generate especially promising initial results, such as USD 10 million recently allocated to a stem cell research group at the city's University of Natural Sciences. (Comment: While HCMC has been doing so since 1985, allocating two percent of provincial budgets to support science became a national mandate in 2000 under Vietnam's Science and Technology Law -- another example of HCMC pioneering national policy. End comment.)

#### The Solution Starts with the Schools

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¶11. (SBU) Across town, in a spartan classroom adorned with posters warning students to communicate in English or risk a one dollar fine, Chancellor Van Sau Nguyen of the Saigon Institute of Technology (SIT) explained to Staffdel that although HCMC authorities provide the school with rent-free facilities, SIT supports itself primarily by charging USD 45 per credit hour tuition fees for IT, marketing, and accounting courses (taught in English) that are identical to those offered by their affiliate, Houston Community Colleges. He noted that although the bill for a three year Associate of Applied Sciences Degree adds up to a hefty US USD 3000, almost quadruple Vietnam's average per capita income in 2007, SIT receives many more applicants than it can enroll. Also crucial, SIT is not required to teach Marxist philosophy, which comprises 25 percent of the curriculum in most Vietnamese universities.

#### Tight GVN Control Stifles National Universities

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¶12. (SBU) In contrast to the relative autonomy enjoyed by foreign-affiliated technical colleges such as SIT, HCMC University of Technology (HCMCUT) Vice-Rector Phan Dinh Tuan described his institution as tightly controlled by the central government, unable to promote professors, compete for students or raise tuition above the current level of approximately USD 9 per credit hour without MOET approval. The vice-rector noted that low tuition fees, along with regulatory strictures that made it difficult for a national institution such as HCMCUT to accept funding from the local government or corporate donors left the university unable to upgrade its research laboratory infrastructure. This, along with the increasing availability of stipends to study overseas, made it difficult to attract Ph.D. candidates to its 11 doctoral programs: the 16,000 student

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university expects to confer only seven PhDs this year.

Comment:

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¶13. (SBU) Staffdel Atkins' visit highlighted the systemic misallocation of resources and bureaucratic mismanagement that hinders the development of the S&T sector to the point that it is difficult for even high-tech U.S. investors such as Intel to contribute to Vietnam's continuing modernization. More encouraging is the existence of discrete centers of research and teaching excellence such as the SHTP Research labs and the Saigon Institute of Technology. At these institutions policies that provide merit-based resources (from a mix of all available, including private, sources) and functional autonomy are yielding international quality research and training. By pioneering such policies in Vietnam, HCMC has again adopted the role of national trend-setter. End comment.

¶14. (U) This cable was coordinated with Embassy Hanoi.  
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